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2011-2012

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Nunavut
Arctic College

Nunavut Arctic College

Annual Report

2011 – 2012

Letter of Transmittal

This Annual Report is respectfully submitted to the Minister Responsible for Nunavut Arctic College. The report includes Nunavut Arctic College's financial statements as well as highlights of activities and major accomplishments for the fiscal and academic year of July 1st, 2011 - June 30th, 2012.

Due to the strong partnerships with organizations across the territory, Arctic College delivers academic and employment-related programs in communities throughout Nunavut. The College continues to strengthen management systems and accountability. The Board of Governors works closely with the President to achieve the Board's strategic goals:

- ***Iliqqusiit-Culture***: building a culturally responsive college,
- ***Nunaliit-Communities***: improving programs and services to communities,
- ***Pitsiaqsimanipaaq-Excellence***: achieving academic excellence, and
- ***Sannginiq-Strength***: strengthening college systems and operations.

The Nunavut Trades Training Centre officially opened in Rankin Inlet in November 2010. A new Science Campus and NRI headquarters in Iqaluit, with satellite support stations in Rankin Inlet, Cambridge Bay, Igloolik and Arviat.

The Government of Nunavut's mandate, *Tamapta/ᑕᒪᐸᑕ: Building our future together* affirms Nunavut's commitment to Inuit social values and set out ten priorities for 2009-2013. The Board of Governors is committed to working with the Government of Nunavut to achieve the objectives and priorities of *Tamapta*, particularly:

- Improve Education and Training Outcomes.
- Connect Our Community.
- Increase Support for Culture and the Arts.
- Enhance our recognition in Canada and the world

My fellow Governors and I are aware of the important role the Board of Governors plays in providing overall leadership and direction to Nunavut Arctic College and ensuring that the programs offered are culturally relevant and widely accessible to Nunavummiut.

The Board is committed to working with you as Minister Responsible for Nunavut Arctic College so that we can continue to build a strong college, expand adult learning programs and services across Nunavut, and achieve the goals of *Tamapta*.

We appreciate the support you have given us during your tenure as our Minister.

Sincerely,

Frank Pearce, Chair
Board of Governors
Nunavut Arctic College

President's Report

Nunavut Arctic College offers programs in communities through its regional campuses in Iqaluit, Rankin Inlet and Cambridge Bay and its network of Community Learning Centres throughout Nunavut. The Nunavut Research Institute continues its work as the lead agency for science, research and technology expanding its locations to Iqaluit, Rankin Inlet, Cambridge Bay and Igloolik. Academic Affairs, Communications, Finance and Administration Services at Head Office in Arviat provided valuable support during the past year.

During the 2011-12 year, Nunavut Arctic College build upon the stabilization of its programs and growth of facilities. There is new family and student accommodation in all three regions and it is well subscribed by Nunaviummiut attending the college. The Sanatuliqsarvik Nunavut Trades Training Centre ran a full cycle of program offering. The Nunavut Research Institute opened its new facility and Environmental Technology Program enjoyed the new laboratories and program delivery space and library. We have seen a growth in the number of students entering and pursuing careers in the trades and sciences. This has a direct link to the continued development of the Nunavut Work Force and is especially good for the growth of employment in the Mineral Industry.

In the fall of 2011 the Legislative Assembly passed the new Nunavut Arctic Colleges Act. This major development has allowed the college to look to the future for the delivery of more University degree transferable programs and eventually offering a degree in Nunavut.

The Federal Government made a substantial contribution of $11 million dollars for the development and delivery of Adult Basic Education throughout the territory through the college. Partnering with Community Government and Services we were able to take advantage of an improved communications service and system in the college.

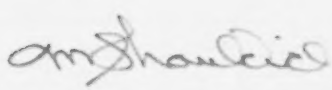
Based on previous work in strengthening our information technologies we proceeded with the development of several new programs for distance delivery, revamping of our bilingual-bicultural ABE curriculum and formed a solid partnership with the Department of Education to deliver a program allowing adult learners to complete their Nunavut High School Diploma credentials.

Delivering adult learning and training programs and services across Nunavut requires partnerships across government. Since its beginning, the Department of Education has cooperated in the delivery of the Nunavut Teacher Education Program. Likewise, the delivery of the Arctic Nursing Program is in cooperation with the Department of Health and Social Services (DHSS). Recognizing the College's important role in preparing Nunavummiut for careers, the College and DHSS established a partnership committee which meets regularly to review the delivery of health and social services career training.

Nunavut Arctic College had a successful year during 2011-2012. We have seen an interesting trend this academic year, and that is, with sustained enrollment levels, a significant increase in graduation numbers. We hope this continues and speaks to the fact that our college is empowering more Nunavummiut.

I would like to acknowledge and thank all Nunavut Arctic College employees for their hard work and dedication this past year.

Sincerely,



Michael Shouldice
President
Nunavut Arctic College

2012 Nunavut Teacher Education graduates in Rankin Inlet, Nunavut

Our Mission

To strengthen the people and communities of Nunavut by providing life-long learning opportunities for Nunavummiut adults by appropriately delivering quality career programs developed with input from our partners throughout the Arctic, and by making the benefits of Inuit traditional knowledge and southern science more accessible.

Vision

Nunavut Arctic College will strive to be the college of choice for the people of Nunavut by offering culturally relevant programs of the highest national standard. In the advancement of their language and culture, our graduates will value education and will be proud to take their place in Nunavut and beyond.

Strategic Link to Tamapta (ᑕᒪᖅᑕ): Building our future together.

Nunavut Arctic College is committed to working with the Government of Nunavut to achieve the objectives and priorities of *Tamapta: Building our future together*. While drawing inspiration from all ten priorities, Nunavut Arctic College will focus on:

Improving Education and Training Outcomes.

Nunavut Arctic College will broaden training for employment opportunities. Successful initiatives include opening the Trades Training Centre in Rankin Inlet, the Nunavut Research Institute in Iqaluit and the Mine Training Centre planned for Cambridge Bay.

Arctic College has incorporated Recognition of Prior Learning accomplishments into its program admissions. The objective is to increase enrolments and convocate more graduates.

Arctic College will continue to cooperate in the implementation of the *Nunavut Adult Learning Strategy*.

Connecting Our Communities.

Nunavut Arctic College values the participation of Elders in the life of the College.

Increasing Support for Culture and the Arts.

Nunavut Arctic College will expand the delivery of traditional and contemporary visual arts, language, performing arts, and other forms of Inuit artistic expression in cooperation with *Piqqusilirivvik*.

Enhancing our recognition in Canada and the world

The graduates of Nunavut Arctic College will play leadership roles in their families, communities and across Nunavut.

As they grow in their chosen careers, many will present Nunavut's unique views and ideas on matters of national and global importance.

Investment in higher education has the overall effect of improving health, reducing crime, and reducing social assistance and unemployment benefits.

Strategic Link to the Nunavut Land Claims Agreement

Nunavut Arctic College supports the Government of Nunavut and Nunavut Tunngavik Inc. in achieving the objectives of the Nunavut Land Claims Agreement (NLCA). In particular, Article 23 of the NLCA has as its objective "to increase Inuit participation in government employment in the Nunavut Settlement Area to a representative level." The College will continue to offer relevant education and training that will prepare Inuit for employment opportunities in government.

Inuit Employment Summary	Current Positions
Total Positions	**167.2**
Total Vacancies	37.0
Executive	**1**
Beneficiaries	0
Senior Management	**8**
Beneficiaries	4
Vacancies	1
Middle Management	**21**
Beneficiaries	6
Vacancies	4
Professional	**87.8**
Beneficiaries	29
Vacancies	21
Paraprofessional	**23**
Beneficiaries	10
Vacancies	6
Administrative Support	**26.4**
Beneficiaries	21.40
Vacancies	5
Total Positions less Vacancies	130.2
Total Beneficiaries	70.4
Percentage Inuit Employment	**54%**

2011-2012 Board of Governors

Nunavut Arctic College is responsible through the Board of Governors to the Minister Responsible for Nunavut Arctic College. The Board of Governors determines policies respecting the administration of the College, including the Nunavut Research Institute.

The Board recommends priorities to the Minister for courses and programs that may be established by the Minister, ensures that for each fiscal year an estimate of the revenues and expenditures of the College is prepared and presents budgets to the Minister in accordance with Part IX of the *Financial Administration Act*.

The Board of Governors has the following standing committees: Executive Committee, Finance Committee, and Policy and Programs Committee.

Nunavut Arctic College Board of Governors

KITIKMEOT REGION

Ms. Ruth Niptanatiak-Wilcox
Cambridge Bay, Vice Chair

Ms. Ann Rose Kerkovius
Kugluktuk

KIVALLIQ REGION

Mrs. Martha Main
Arviat

Ms. Susanne Ningeocheak
Rankin Inlet

QIKIQTAALUK REGION

Mr. Frank Pearce, Chair
Iqaluit

Ms. Katherina-Lucy Kublu
Pond Inlet

STAFF REPRESENTATIVE

Alan Everard
Rankin Inlet

STUDENT REPRESENTATIVE

Donna Smith
Rankin Inlet

EX-OFFICIO, NON-VOTING

Michael Shouldice
Ex-officio, Non-voting
Iqaluit

The Right Honourable Stephen Harper, Prime Minister of Canada and the Hon. Leona Aglukkaq, Minister responsible for the North visited the College to announce more than $11 million of federal funding for Adult Basic Education programming in Nunavut.

2011-2012 Arctic College Highlights

July 2012

Piqqusilirivvik Inuit Cultural Learning Facility joins Arctic College

The Piqqusilirivvik Inuit Cultural Learning Facility in Clyde River, Baker Lake and Igloolik became part of Nunavut Arctic College.

June 2012

Education Minister congratulates Career Development Practitioner Certificate graduates

Nunavut Premier and Minister of Education, the Hon. Eva Aariak congratulated the first graduates of the new Career Development Practitioner Certificate Program in the Legislative Assembly.

Minister Shewchuk congratulates Arctic College faculty for film awards

The Honourable Daniel Shewchuk congratulated Arctic College faculty members Louise Flaherty and Neil Christopher for their award winning filmmaking efforts with Inhabit Media.

April 2012

Four Top Canadian Universities Sign Joint MOU with Yukon, Aurora and Nunavut Arctic Colleges

Students attending college in Canada's three northern territories will soon have greater opportunities to further their studies at other universities. A new memorandum of understanding signed between Yukon, Aurora and Nunavut Arctic Colleges and Dalhousie University, the Universities of Laval, Alberta and Ottawa.

Arviat Diamond Driller's Training Program celebrates second graduation

Arviat celebrated the completion of the second Arviat Diamond Driller's Training (ADDT) course. 10 students successfully completed the training program, which included both classroom and practical components on an operating diamond drilling rig located in Arviat.

March 2012

Nunavut Arctic College Instructor wins Social Work Award

As part of National Social Work Week, the Canadian Association of Social Workers has awarded Nunavut Arctic College's Kevin McGill with this year's Distinguished Service Award for Northern Canada.

Nunavut Arctic College President appointed

Nunavut Arctic College Board of Governors and Premier Eva Aariak announced the appointment of Michael Shouldice as president of Nunavut Arctic College (NAC).

February 2012

Adult Education in Nunavut gets funding boost

IQALUIT, Nunavut (February 23, 2012) – Adult Basic Education programs at Nunavut Arctic College (NAC) got an $11 million boost from the federal government in an announcement made by Prime Minister Stephen Harper today in Iqaluit.

January 2012

NTEP increasing emphasis on middle school education

This academic year there has been increased emphasis on the development of a Middle School Education delivery system. The intent is to devise a program that will prepare Teachers for placement in Grades 7-9 in Nunavut schools.

January 2012

Nunavut Arctic College Education and Nursing programs form partnerships

This academic year, the Nunavut Teacher Education Program has readily embraced a proactive approach pertaining to the development of partnerships outside and within Nunavut Arctic College. This has proved to be beneficial for students, faculty and course delivery.

December 2011

Honouring Jose: Order of Nunavut presented to Kusugak family in Rankin Inlet

November 2011

From Desks to Desktop: Nunavut Arctic College and MTO Launch Program to Support Municipal Employees

Training in Nunavut takes a giant leap forward this month as Nunavut Arctic College launched the first of five online courses in the Municipal Training Organization's (MTO) popular Municipal Government Program (MGP).

Arctic College students and researchers work together to study Climate Change and traditional skills with Eider ducks!

The Environmental Technology Program once again partnered with Researchers to learn about how Climate Change is affecting bird species in Nunavut. New this year was a partnership with two other college programs; so that every bird could be used to its fullest potential. Up to 50 students benefited from this project, whether it was by learning how to prepare an eider skin, learning to dissect an eider, or by receiving shared meat.

October 2011

Shewchuk congratulates Nanisiniq's young Inuit researchers in Legislative Assembly

The Honourable Daniel Shewchuk congratulated the Nanisiniq Arviat History Project in the Legislative Assembly of Nunavut last week.

Nunavut Research Institute officially opens in Iqaluit

The Honourable Leona Aglukkaq, Minister of Health and Minister of the Canadian Northern Economic Development Agency today the Grand Opening of the Nunavut Research Institute.

August 2011

Congratulations to Leanna Ellsworth on completing the UArctic Bachelor of Circumpolar Studies Program

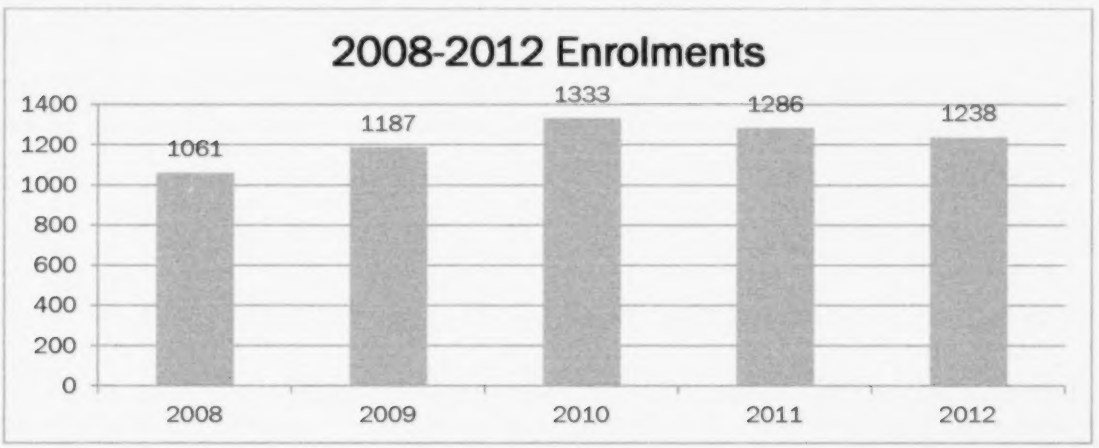
Nunavut Arctic College Director of Academic Affairs Linda Pemik congratulates Environmental Technology graduate Leanna Ellsworth on completing the University of the Arctic's Bachelor of Circumpolar Studies Program.

2007-2012 Enrolments

Post-secondary enrolments are influenced by a number of factors, but particularly by funding and the economy. When federal or territorial funding is available, enrollments tend to strengthen. When the economy strengthens, enrolments tend to weaken. Nunavut Arctic College enrolments have varied from 1,061 in 2008 to 1,238 in 2012.

Two-thirds of all Arctic College programs are third-party funded, not base funded. Decreases in third party funding are the main reason for a decline in enrolments. At the same time, enrolments in Adult Basic Education have been declining for the past ten years because students cannot get financial sponsorship.

As the Nunavut economy strengthens, more Nunavummiut are being employed. This has had two contrasting effects on enrolments. Generally it has contributed to a decline in the overall enrolment as young Nunavummiut choose jobs over education. However it has also had a positive impact on a narrow range of trades enrolments. Mining-related training has experienced an increase. Opening of the Nunavut Trades Training Centre in Rankin Inlet has increased trades enrolments.



INDEPENDENT AUDITOR'S REPORT

To the Minister Responsible for Nunavut Arctic College

Report on the Financial Statements

I have audited the accompanying financial statements of Nunavut Arctic College, which comprise the statements of financial position as at 30 June 2012, 30 June 2011 and 1 July 2010, and the statements of operations and accumulated (deficit) surplus, statements of change in net (debt) financial assets and statements of cash flow for the years ended 30 June 2012 and 30 June 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

.../2

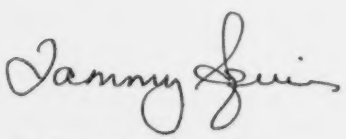
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Nunavut Arctic College as at 30 June 2012, 30 June 2011 and 1 July 2010, and the results of its operations, changes in its net debt, and its cash flows for the years ended 30 June 2012 and 30 June 2011 in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act* of Nunavut, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied, after giving retroactive effect to the adoption of the new standards as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by Nunavut Arctic College and the financial statements are in agreement therewith. In addition, the transactions of Nunavut Arctic College that have come to my notice during my audits of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of Nunavut and regulations, the *Nunavut Arctic College Act* and regulations and the by-laws of Nunavut Arctic College.



Tammy Squires, CA
Principal
for the Auditor General of Canada

20 September 2012
Ottawa, Canada

NUNAVUT ARCTIC COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Nunavut Arctic College ("the College") and all information in this annual report are the responsibility of the College's management and have been reviewed and approved by the Board of Governors. The financial statements include some amounts, such as the allowance for doubtful accounts receivable and the provision for employee future benefits, that are necessarily based on management's best

The financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS), including PSAB's First-Time Adoption by Government Organizations standards (PS 2125). Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and controlled and proper records are maintained. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and adherence to the College's policies and statutory requirements.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board of Governors, the majority who are not employees of the College, meet periodically with management and the external auditors. The external auditors have full and free access to the

The College's independent external auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the College and for issuing his report thereon.

Michael Shouldice
President
September 20, 2012

Marcelo Parungao
Sr.Business Officer
September 20, 2012

NUNAVUT ARCTIC COLLEGE
Statement of Financial Position
as at June 30, 2012
(in thousands of dollars)

	2012	2011	July 1, 2010
Financial assets			
Cash and cash equivalents (Note 4)	25,272	29,833	29,679
Accounts receivable (Note 5)	3,633	4,752	2,580
Total financial assets	**28,905**	**34,585**	**32,259**
Liabilities			
Accounts payable and accrued liabilities	2,414	2,254	1,558
Due to the Government of Nunavut (Note 11)	6,387	12,115	9,383
Deferred government contributions (Note 9)	19,210	18,736	17,595
Deferred contract income	767	408	558
Capital lease obligations (Note 6)	219	204	157
Professional development fund (Note 7)	778	623	488
Employee future benefits (Note 8)	1,137	1,138	1,232
Total liabilities	30,912	35,478	30,971
Net financial (debt) assets	(2,007)	(893)	1,288
Non-financial assets			
Tangible capital assets (Schedule A and Schedule B)	798	824	845
Prepaid expenses	63	97	77
Total non-financial assets	861	921	922
Accumulated (deficit) surplus	(1,146)	28	2,210

Contractual obligations (Note 12)
Contingencies (Note 14)

The accompanying notes and schedules are an integral part of these financial statements.

Approved by the Board:

Frank Pearce
Chairperson of the Board

NUNAVUT ARCTIC COLLEGE
Statement of Operations and Accumulated (Deficit) Surplus
for the year ended June 30, 2012
(in thousands of dollars)

	2012 Budget (1)	2012 Actual	2011 Budget (1)	2011 Actual
Revenues				
Contract income (Note 11)	9,349	9,916	9,174	9,410
Room and board	736	935	662	719
Tuition fees	1,494	1,269	1,494	1,273
Miscellaneous revenue and recoveries	846	785	846	973
Investment income	106	220	106	217
Total revenues	12,531	13,125	12,282	12,592
Expenses (Note 10)				
General administration	6,039	7,456	6,854	7,631
Student services	4,546	5,439	4,270	5,504
Education and Language Programs	4,829	4,289	4,871	4,356
Research and Technology Office	1,779	1,887	1,541	1,685
Health, Wellness and Business Programs	5,343	4,824	4,814	4,323
Trades, Community and Distance Learning Progrm	12,582	12,463	11,850	12,797
Inuit and Cultural Program	2,266	2,231	2,267	2,286
Services without charge (Note 11)	-	10,047	-	9,248
Total expenses	37,384	48,636	36,467	47,830
Deficit for the year before Government Funding	(24,853)	(35,511)	(24,185)	(35,238)
Government Funding (Note 9)	24,853	34,337	24,185	33,056
Surplus (deficit) for the year	-	(1,174)	-	(2,182)
Accumulated (deficit) surplus - beginning of the year	28	28	2,210	2,210
Accumulated (deficit) surplus - end of the year	28	(1,146)	2,210	28

1- The budget amount are for the year ended March 31 which approximate one (1) operating year.

The accompanying notes and schedules are an integral part of these financial statements.

NUNAVUT ARCTIC COLLEGE
Statement of Change in Net (Debt) Financial Assets
for the year ended June 30, 2012
(in thousands of dollars)

	2012 Budget (1)	2012 Actual	2011 Budget (1)	2011 Actual
Surplus (deficit) for the year	-	(1,174)	-	(2,182)
Tangible capital assets (Schedule A)				
Additions	(172)	(165)	(172)	(270)
Amortization	75	191	75	194
Disposals	-	-	-	97
	(97)	26	(97)	21
Net use (additions) of prepaid expenses	-	34	-	(20)
Change in net financial assets (debt)	(97)	(1,114)	(97)	(2,181)
Net (debt) financial assets - beginning of the year	(893)	(893)	1,288	1,288
Net (debt) financial assets - end of the year	(990)	(2,007)	1,191	(893)

1- The budget amount are for the year ended March 31 which approximate one (1) operating year.

The accompanying notes and schedules are an integral part of these financial statements.

NUNAVUT ARCTIC COLLEGE
Statement of Cash Flow
for the year ended June 30, 2012
(in thousands of dollars)

	2012	2011
Cash provided by (used for) operations		
Government contributions	24,764	24,223
Contracts	11,425	7,219
Other contributions	2,548	2,688
Paid to employees	(29,929)	(19,746)
Paid for fees and professional services	(7,114)	(6,030)
Paid for travel	(2,378)	(2,303)
Paid for materials and supplies	(2,117)	(2,228)
Paid for accommodation contracts	(1,108)	(1,043)
Other operations	(778)	(2,612)
Interest	276	80
Cash (used for) provided by operations	(4,411)	249
Cash provided by (used for) capital activities		
Tangible capital asset acquisitions	(102)	(54)
Tangible capital asset disposals	-	-
Cash (used for) provided by capital activities	(102)	(54)
Cash provided by (used for) financing activities		
Principal payments on capital leases	(48)	(40)
Cash used for financing activities	(48)	(40)
(Decrease) Increase in cash and cash equivalents	(4,560)	154
Cash and cash equivalents - beginning of the year	29,833	29,679
Cash and cash equivalents - end of the year (Note 4)	25,272	29,833

The accompanying notes and schedules are an integral part of these financial statements.

1. The College

(a) Authority and Purpose

The Nunavut Arctic College ("the College") is a Schedule B Public Agency as listed in the *Financial Administration Act* ("FAA") of Nunavut and accordingly operates in accordance with Part IX of the FAA and the *Public Colleges Act*. The College is exempt from income taxes.

The purpose of the College is to provide a wide variety of educational services to adult learners. The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities across Nunavut. Through the work of the Nunavut Research Institute, the College is also responsible for the facilitation and preparation of scientific research activity in Nunavut.

(b) Contributions from the Government of Nunavut

The College receives contributions from the Government of Nunavut as set out in the Government's Main Estimates and adjusted by supplementary appropriations. The contributions are to be utilized for the administration and delivery of the College's adult and post-secondary education programs in Nunavut. The College is allowed to retain all surpluses and is responsible for all deficits.

The College is economically dependent upon the contributions received from the Government for its ongoing operations.

2. Conversion to Public Sector Accounting Standards

In December 2009, Public Sector Accounting Board (PSAB) issued an amendment to the Introduction to Public Sector Accounting Standards Handbook. Under the revised Introduction, the College is classified as an Other Government Organization (OGO). As an OGO, management determined the most appropriate basis of accounting to meet the needs of the users of its financial statements to be those issued by PSAB. The College has adopted the PSAB standards for its fiscal year beginning July 1, 2010. In accordance with Canadian public sector accounting standards (PSAS) for the public sector, including PSAB's First-Time Adoption by Government Organizations standard (PS 2125), the change has been implemented retroactively to the date of transition, July 1, 2010.

There were no transition adjustments made to the balances reported by the College under its previous basis of accounting.

The June 30, 2011 Balance Sheet has been replaced by the Statement of Financial Position, segregating financial and non-financial assets as well as the net debt (liabilities less financial assets) of the College; and accumulated surplus/deficit at the Statement of Financial Position date.

The Statement of Comprehensive Income and Retained Earnings for the year ended June 30, 2011 has been replaced by the Statement of Operations and Accumulated Surplus, reporting both revenue and expenses. A comparison of the year's results with the original comparative budget is also disclosed.

A Statement of Change in Net Debt has been presented, which represents the expenditures of a public sector reporting entity less revenue, as well as acquisitions of tangible capital assets and other items explaining the difference between the surplus/deficit of the period and the change in net debt for the period. A comparison of the current year results with the original comparative budget is also disclosed.

The College's Statement of Cash Flow along with some reclassifications, has been expanded to include a new category required by PSAB for capital activities. In addition, the statement now takes into account the short-term investments balance.

As required, the Statement of Financial Position includes the opening July 1, 2010 balances for the College Corporation's financial assets, liabilities, net debt, non-financial assets and accumulated surplus.

The College has elected to use two of the exemptions permitted under PS 2125, First-Time Adoption by Government Organizations :

Tangible Capital Asset Impairment

The College has elected the exemption in paragraph PS 2125.14 not to comply with the requirements of Section PS 3150 for write-downs of tangible capital assets that were incurred prior to the date of transitions to Public Sector Accounting Standards. As a first-time adopter, the College has chosen not the reverse past impairments of tangible assets in Section PS 3150.

Retirement and Post Employment Benefits

The College has elected the exemption in paragraph PS 2125.09 to delay application of Sections PS 3250 and PS 3255 relative to the discount rate used until the date of their next actuarial valuation or within three years of the transition date to Public Sector Accounting Standards, whichever is sooner. And to recognize all cumulative actuarial gains and losses as the date of transition to Public Sector Accounting Standards directly in accumulated surplus/deficit.

3. Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). The following is a summary of the significant accounting policies.

(a) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The more significant areas requiring the use of management estimates are the allowance for doubtful accounts and the provision for employee future benefits. Actual results may differ from those estimated. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, management believes the estimates and assumptions to be reasonable.

(b) Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short term highly liquid investments that are readily convertible to cash. Short term investments are recorded at the lower of cost or market value.

(c) Contributions from the Government of Nunavut

Base Contributions

The College accrues its base contributions from the Government of Nunavut into income on a straight-line basis. The College receives its funding based on the Government's fiscal year which is different than the College's fiscal year. The base contribution is set out in the Government's Main Estimates. Base contributions received in excess of amounts accrued are recorded as deferred government contributions.

Services Provided Without Charge

The Government provides certain services without charge to the College. These services are recorded at cost as government contributions, and an equivalent amount is included in the expenses.

Audit services are provided without charge from the Office of the Auditor General of Canada to the College for the audit of the College's financial statements. No amount has been recognized in these financial statements in respect to the services provided.

(d) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues.

The College enters into contracts with private companies, federal and territorial government departments, agencies and Territorial Crown corporations to develop and deliver courses across Nunavut. Payments received under these contracts for which the development and delivery of courses is not completed are recorded as deferred contract income.

The College collects tuition fees and other student fees in order to support the delivery of programs, courses and other student related activities. Room and board fees are also collected to support the student residence operations.

(e)Tangible capital assets

Equipment, furniture, building and building improvements are recorded at cost and amortized on a straight-line basis over their estimated useful lives as follows:

Computers and printers	4 years
Furniture and equipment	10 years
Building improvements	20 years
Building	25 years
Mobile equipment	10 years
Assets under capital lease	over lease term

3. Significant Accounting Policies (continued)

(f) Lease obligations

The College classifies leases for equipment as either capital or operating leases, as appropriate.

Capital leases

Those leases which transfer substantially all the benefits and risks of ownership of property to the College are accounted for as tangible capital assets along with the related capital lease obligation. Both are initially recorded at the present value of the minimum lease payments, effective at the beginning of the lease.

Operating leases

Operating leases are those leases where substantially all the benefits and risks of ownership are not transferred to the College. Lease payments under operating leases are expensed over the lease term on a straight-line basis.

(g) Employee future benefits

Pension benefits

Eligible employees of the College are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the College to cover current service cost. Pursuant to legislation currently in place, the College has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, the employer contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the College.

Non-pension Benefits

Under the conditions of employment, eligible employees may earn non-pension benefits for resignation, retirement and removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service and has been determined based on management's assumptions and best estimates. The College provides severance and retirement benefits to eligible employees based on years of service and final salary, and removal benefits based on years of services and their community of residence. These benefits represent the only employee future benefit obligation of the College that entails settlement by future payment.

The College's employees are entitled to annual leave under the terms of employment. The liability for employee leave benefits is recorded as payable as the benefits accrue to employees.

(h) Financial instruments

The College's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, due to the Government of Nunavut and professional development fund. The estimated fair values of these financial instruments are approximated by their carrying amounts due to the relatively short period to maturity of these instruments. Unless otherwise noted, it is management's opinion that the College is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The College's financial instruments are measured at cost on initial recognition. Transaction costs are expensed as incurred. The College's financial assets and financial liabilities are categorized as follows:

Cash and short-term investments are measured at cost.

Accounts receivable after initial recognition are subsequently at measured cost.

Accounts payable and accrued liabilities, professional development fund and due to the Government of Nunavut after initial recognition are subsequently measured at cost. The amount Due to the Government of Nunavut is considered to be a related party transactions and is measured at its exchange amount.

4. Cash and cash equivalents

	2012	2011	July 1, 2010
Cash	$ 2,272	$ 2,965	$ 2,881
Short term investments	23,000	26,868	26,798
	25,272	29,833	29,679

Cash and cash equivalents include short term investments consisting of fixed Guaranteed Investment Certificates (GICs), bearing interest of 1.30% (2011 - 1.21%) and maturing during fiscal year 2012/13

5. Accounts Receivable

	2012	2011	July 1, 2010
Student Receivable			
Government of Nunavut	$ 624	$ 487	$ 467
Student tuition	421	312	577
	1,045	799	1,044
Contracts Receivable			
Government of Nunavut	1,102	1,755	1,273
Others	1,931	2,423	1,358
	3,033	4,178	2,631
Other Receivable			
Government of Nunavut	253	158	145
Other	388	393	347
	641	551	492
Total Receivable	4,719	5,528	4,167
Less: Allowance for doubtful accounts			
Student Receivable	(846)	(690)	(1,004)
Contract Receivable	(158)	(78)	(439)
Other Receivable	(82)	(8)	(144)
	$ 3,633	$ 4,752	$ 2,580

There is no concentration of accounts receivable with any customer, except the Government of Nunavut - $1,979 (2011 - $2,400).

With respect to Section 82 of the *Financial Administration Act* of Nunavut, there were no write offs presented to the Board of Governors and the Government of Nunavut Financial Management Board during the year (2011 - $841 and $200, respectively).

6. Capital lease obligations

Capital lease obligations are based upon contractual minimum lease payments for leases in effect as of June 30, 2012.

	2012	2011	July 1, 2010
Total Minimum lease payments	$ 282	$ 289	$ 207
Less: Imputed Interest (total interest expense to be incurred)	(63)	(85)	(50)
Present value of minimum lease payments	$ 219	$ 204	$ 157

The future minimum lease payments for each of the next five (5) fiscal years are:

2013	$ 86
2014	86
2015	69
2016	41
2017	-
	$ 282

Lease payments are allocated between repayments of the liability and interest expense. The total minimum lease payments less the initial liability represents the total interest cost of the lease. The interest expense is calculated using the same discount rate used in computing the present value of the minimum lease payments applied to the outstanding lease liability at the beginning of the lease payment period.

Interest expense related to capital lease obligations for the year was $38 (2011 - $34) at an implied average interest rate of 21.76 % (2011 - 23.61%). The capital lease obligations expires on fiscal years 2014/15 and 2015/16.

7. Professional Development Fund

The College is required, under the Nunavut Employees Union Collective Agreement to contribute an amount equivalent to 4% (2011 - 4%) of instructors' salaries for professional development activities. Contributions to the professional development fund were $289 (2011 - $292) and this amount is recorded as an expense in the Statement of Operations and Accumulated Surplus (Deficit).

The professional development fund represents accumulated annual provisions for professional development activities, less accumulated eligible professional development expenses. The College expects to settle the obligation based on future eligible expense claims.

	2012	2011	July 1, 2010
Opening fund balance	$ 623	$ 488	$ 441
Add: Contribution	289	292	279
Interest earned	5	3	2
Less: Expenditures	(139)	(160)	(234)
Closing fund balance	$ 778	$ 623	$ 488

8. Employee future benefits

Pension

Eligible employees of the College are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the College. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at year end was 1.74 times (1.86 times for the prior year). Total contributions of $1,877 (2011 - $1,825) were recognized as expense in the current year.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Quebec Pension Plan benefits and they are indexed to inflation.

The College's and employees' contributions to the Public Service Pension Plan for the year were as follows:

	2012	2011
College's contributions	$ 1,877	$ 1,825
Employees' contributions	1,079	981

Non-pension

The College provides severance and retirement benefits to eligible employees based on years of service and final salary, and removal benefits based on years of service and their community of residence. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Future benefits will be paid out of future appropriations. The accrued obligations at year end are as follows:

	2012	2011	2010
Severance (resignation & retirement)			
Accrued obligation, beginning of year	$ 746	$ 848	$ 829
Add: Expense for the year	(50)	58	98
Less: Benefits paid	-	(160)	(79)
Accrued obligation, end of year	696	746	848
Removal			
Accrued obligation, beginning of year	392	384	343
Add: Expense for the year	90	53	58
Less: Benefits paid	(41)	(45)	(17)
Accrued obligation, end of year	441	392	384
	$ 1,137	$ 1,138	$ 1,232

9. Government funding

	2012	2011
Contributions received from the Government of Nunavut	$ 24,764	$ 24,949
Deferred government contributions, current year	(19,210)	(18,736)
Deferred government contributions, prior year	18,736	17,595
	24,290	23,808
Services provided without charge (Note 11)	10,047	9,248
Total Government contributions	$ 34,337	$ 33,056

Deferred government contributions of $19,210 (2011 - $18,736) represent contributions that were received in 2011/12 (2011 - received in 2010/11) from the Government of Nunavut for the 2012/13 fiscal year base expenditures (2011 - for the 2011/12 fiscal year base expenditures).

10. Expenses by type

	2012	2011
Salaries and employee benefits	$ 25,259	$ 25,524
Fees and professional services	$ 8,623	7,721
Buildings and utilities	$ 7,660	7,028
Travel	$ 2,310	2,347
Materials and supplies	$ 1,638	1,826
Housing	$ 1,105	1,029
Furniture and equipment	$ 369	559
Telecommunications	$ 380	388
Freight and postage	$ 265	384
Advertising and promotion	$ 230	321
Contributions to the Professional Development Fund (Note 7)	$ 289	292
Bad debt expense	$ 317	217
Amortization	$ 191	194
	$ 48,636	$ 47,830

11. Related party transactions

The College is related in terms of common ownership to all Government created departments, agencies and Crown corporations. The College enters into transactions with these entities in the normal course of business at normal trade terms. In addition to those related party transactions disclosed elsewhere in these financial statements, the College had the following transactions:

Contract Income

Of the $9,916 (2011 - $9,410) of contract income earned in the year, $5,449 (2011 - $4,710) is for courses delivered on behalf of the Government of Nunavut.

Due to the Government of Nunavut

	2012	2011	July 1, 2010
Due to the Government of Nunavut	$ 6,387	$ 12,115	$ 9,383

This amount represents expenditures originally paid by the Government of Nunavut, primarily payroll, and invoiced to the College for payment within the current year. Included in the total is the contributions received for the construction of the new Nunavut Research Institute and the Knowledge Infrastructure Project.

Services Provided Without Charge

The College received payroll processing, insurance and risk management services, human resources, employee benefits and information technology services without charge from the Government. The College also receives, without any rental charges, the use of facilities for its campuses, head office, student housing units and community learning centres. The Government's amortization expense for these assets has been used as the basis for measuring the expense relating to the use of these facilities.

	2012	2011
Employee benefits	$ 1,141	$ 1,263
Use of facilities	7,449	6,796
Payroll processing and other services	1,457	1,189
	$ 10,047	$ 9,248

12. Contractual obligations

In addition to the facilities provided by the Government, the College has three (3) operating leases and is committed to the following basic payments over the next five (5) years :

2013	$ 1,050
2014	1,015
2015	1,015
2016	1,015
2017	1,015
	$ 5,110

The contractual obligations expires on fiscal years 2012/13 and 2016/17.

13. Financial risk management

Financial assets and liabilities are recorded at cost. The fair value of the financial assets and liabilities is equal to carrying value.

	2012 Fair Value	2011 Fair Value
Financial Assets:		
Cash and cash equivalents	$ 25,272	$ 29,833
Accounts receivable	3,633	4,752
Financial Liabilities:		
Accounts payable and accrued liabilities	2,414	2,254
Professional development fund	778	623
Due to the Government of Nunavut	6,387	12,115

The College has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet their obligations. Such risks arise principally from certain financial assets held by the College consisting of cash and cash equivalents and accounts receivable.

The maximum exposure to credit risk of the College at June 30, 2012 (and June 30, 2011) is the carrying value of these assets.

(i) Cash and cash equivalents

The College manages its credit risk relating to cash and cash equivalents by dealing with senior Canadian chartered banks. The College invests surplus funds to earn investment income with the objective of maintaining safety of principal and providing adequate liquidity to meet cash flow requirements.

(ii) Accounts receivable

The College's exposure to credit risk associated with accounts receivable is influenced mainly by the type of debtor.

A breakdown of amounts receivable by type of debtor as at June 30 is as follows:

	2012	2011
Government of Nunavut	$ 1,979	$ 2,400
Student tuition	421	312
Others	2,319	2,816
	4,719	5,528
Allowance for doubtful accounts		
Government of Nunavut	(495)	(462)
Student tuition	(351)	(227)
Others	(240)	(87)
	$ 3,633	$ 4,752

13. Financial risk management (continued)

To mitigate credit risk related to accounts receivable, the College does regular follow-up on their accounts receivable. Credit exposure is minimized by dealing mostly with creditworthy counterparties such as government agencies. The College also enforces approved collection policies for student accounts.

As of June 30, 2012, the total accounts receivable past due but not impaired are aged as follows: 0-60 days - $163 , 61-120 days - $902, and over 121 days - $580

The College establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. The allowance is based on specific amounts and is determined by considering the College's knowledge of the financial condition of customers, the aging of accounts receivable, current business condition and historical experience.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The College is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the interest revenue from cash and short-term investments. This risk is not significant due to the short terms to maturity of the cash and cash equivalents.

Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

The College is not exposed to significant currency or other price risk.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities.

The College manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the College's reputation.

At June 30, 2012, the College has a cash and cash equivalents balance of $25,272 (2011 - $29,833). The College's financial liabilities are accounts payable and accrued liabilities of $2,414 (2011 - $2,254) and due to the Government of Nunavut of $6,387 (2011 - $12,115), both of which are due on demand.

14. Contingencies

Other indemnification agreements

In the normal course of operations, the College signs agreements whereby funds are provided to the College for execution of projects which are subject to restrictions as to the use of funds. The sponsors of these projects can execute an audit of the financial records of the College to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

At June 30, 2012, the College recognized a contingent liability of $445K in the financial statements. The liability was based on the 2011/12 Liability Assessment Report provided by the GN- Department of Human Resources as a result of two (2) oustanding grievances involving the College.

15. Comparative Information

Certain figures have been reclassified to conform to the current year's presentation.

16. Subsequent Events

In the fiscal year 2012-13 GN budgeting process , the responsibilty of the Piqqusilirvvik Centre located in Clyde River was transferred to the college. The effective date of the transfer is July 1,2012. The Centre's annual budget of $3.5M was transferred to the college bank account in August 2012.

Piqqusilirvvik Centre is an Inuit Cultural Learning Facility dedicated to enalbling the transfer of traditional culture,knowledge,lifestyle and values taught in the Inuit Language and is based on Inuit Qaujimajattuqagnit (IQ) guiding principle.

NUNAVUT ARCTIC COLLEGE **SCHEDULE A**

Schedule of Tangible Capital Assets

for the year ended June 30, 2012

(in thousands of dollars)

	Buildings	Furniture and Equipment	Building Improvements	Computers and Printers	Mobile Equipment	Capital Leases	2012 Totals	2011 Totals
Cost of tangible capital assets								
Opening balance	84	328	450	91	439	301	1,693	1,585
Additions	-	63	39	-	-	60	162	270
Disposals	-	-	-	-	-	-	-	(165)
Closing balance	84	391	489	91	439	361	1,855	1,690
Accumulated amortization								
Opening balance	(9)	(229)	(188)	(91)	(222)	(127)	(866)	(740)
Amortization	(3)	(28)	(49)	-	(41)	(70)	(191)	(194)
Disposals	-	-	-	-	-	-	-	68
Closing balance	(12)	(257)	(237)	(91)	(263)	(197)	(1,057)	(866)
Net book value	72	134	252	-	176	164	798	824
Estimated useful life	25 years	10 years	20 years	4 years	10 years	lease term		

NUNAVUT ARCTIC COLLEGE **SCHEDULE B**

Schedule of Tangible Capital Assets

for the year end June 30, 2011

(in thousands of dollars)

							2011	July 1, 2010
	Buildings	Furniture and Equipment	Building Improvements	Computers and Printers	Mobile Equipment	Capital Leases	Totals	Totals
Cost of tangible capital assets								
Opening balance	84	328	396	91	437	249	1,585	1,351
Additions	-	-	54	-	-	217	270	234
Disposals	-	-	-	-	-	(165)	(165)	
Closing balance	84	328	450	91	437	301	1,690	1,585
Accumulated amortization								
Opening balance	(6)	(199)	(140)	(77)	(190)	(128)	(740)	(567)
Amortization	(3)	(30)	(47)	(14)	(32)	(68)	(194)	(173)
Disposals	-	-	-	-	-	68	68	
Closing balance	(9)	(229)	(187)	(91)	(222)	(128)	(866)	(740)
Net book value	75	99	263	-	215	173	824	845
Estimated useful life	25 years	10 years	20 years	4 years	10 years	lease term		